

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES
AND ENVIRONMENTAL CONTROL

OFFICE OF THE
SECRETARY

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Secretary's Order No. 2013-A-0004

Re: Approval of Amendment to Regulation, 7 DE Admin. Code 1147, "CO2 Budget Trading Program" in Delaware Regulations Governing Control of Air Pollution

Date of Issuance: February 19, 2013
Effective Date: March 11, 2013

Under the authority vested in the Secretary of the Department of Natural Resources and Environmental Control (Department or DNREC), the following findings, reasons and conclusions are entered as an Order of the Secretary in the above-referenced rulemaking proceeding.

The Department published the proposed amendment to Regulation 1147, 7 DE Admin Code 1147, on January 1, 2013 in the *Delaware Register of Regulations*, and held a public hearing on January 23, 2013. The proposed amendment would allow any Delaware petroleum refinery to participate in the carbon dioxide trading program offered by the Regional Greenhouse Gas Initiative similar to the participation otherwise available to other electric generators in Delaware.

The Department's presiding hearing officer, Robert P. Haynes, issued a report that reviews the record and recommends approval of the proposed amendment. I adopt the Report and the record that supports it.

The Report indicates that the proposed amendment was supported by several environmental groups and that Delaware City Refinery Company, LLC (DCR) also

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supports the amendment, albeit with a minor change to clarify the language. The amendment will allow DCR, as Delaware's only petroleum refinery, to sell surplus electricity into the electric grid under certain condition and allow DCR the opportunity to participate in carbon dioxide (CO₂) trading budget trading program. The CO₂ trading is conducted by the Regional Greenhouse Gas Initiative (RGGI), which consists of Delaware and eight other states. These states joined together in order to establish a market for trading greenhouse gases, which seeks to reduce greenhouse gas emissions, such as from carbon dioxide. Delaware has received auction proceeds from the sale of allowances as a result of its participation in RGGI over the past several years and these funds have been used to reduce Delaware's energy usage through energy efficiency and conservation programs.

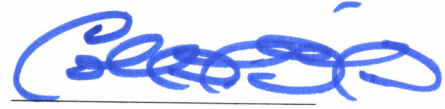
DCR will use its existing combustion turbines operating on natural gas to serve the energy needs of DCR, but at times the generation also produces surplus power. The amendment will allow DCR's surplus to be sold to the power grid and to have such sales participate in RGGI's CO₂ budget trading program. As a result, Delawareans will benefit from lower energy prices and may receive increased benefits from RGGI.

The Division of Air Quality (DAQ) provided a response to the comments that seeks some minor language changes to clarify the language based upon DCR's comments. The Report approves this change as appropriate albeit not substantial. I adopt the changes as set forth in Appendix A hereto.

In conclusion, the following findings and conclusions are entered:

1. The Department finds and determines that the record supports the adoption of the proposed amendment in Appendix A of this Order, which reflects the changes made by DAQ in response to public comments and which are not substantial,

2. The Department shall have this Order published in the *Delaware Register of Regulations* and in newspapers in the same manner as the notice of the proposed regulation.



Collin P. O' Mara,
Secretary